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MARKET RESEARCH AS A FUNCTION OF MARKETING DEVELOPMENT IN SPORTS

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Abstract: Marketing research is a vital component in any successful business strategy. It involves collecting and analyzing data about market trends, customer preferences, and competitor activities to make informed decisions. This process helps companies understand their target audience better, identify new market opportunities, and gain a competitive edge. Segmentation in the sports market is a key process in the marketing of sports products and services. In essence, it fulfils the marketing manager's need for knowledge of the market. The task of marketing research is to help specify and supply accurate information to reduce the uncertainty in decision-making. Although marketing research provides information about consumers and the market-place for developing and implementing marketing plans and strategies, it is not the only source of information. By understanding their target audience's characteristics, preferences, and location, companies can create tailored marketing strategies and offerings that effectively meet the needs of their consumers. Segmenting the sports market allows businesses to maximize their marketing efforts and increase their chances of success in this highly competitive industry.

Keywords: market research, sport, segmentation, consumer, sports industry

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Introduction

Research in marketing involves a systematic approach to activities related to data acquisition and analysis. The obtained results need to be translated into information that will aid us in making marketing decisions. This information should ideally reduce the risk in decision-making, although it is important to note that complete risk avoidance is not possible. Rapid changes in the environment, especially in recent decades, have led to frequent shifts in consumer behavior and a trend of increasing expectations (Dašić, 2023a). This creates an environment where attracting and maintaining relationships with consumers is increasingly challenging. Given that enhancing consumer satisfaction is a fundamental goal of modern marketing, it becomes evident that intensifying the application of appropriate instruments and processes is necessary.

Therefore, market research becomes imperative, and participants in the sports industry must continuously monitor emerging changes and adapt to them, either by seizing opportunities or avoiding threats (Dašić, Ratković, 2022).

The process of researching marketing areas in the sports environment involves the following stages (Ratković, Dašić, 2018):

Determining the subject of research;
Planning the overall research;
Collecting data from secondary sources;
Generating data from primary sources;
Analyzing the obtained data;
Defining conclusions of the research process;
Applying the research results;
Evaluating the research.

The mentioned activities constitute research phases that do not have to be implemented in the specified order; they can overlap, and some may not need to be carried out. Thus, the phase involving the creation of data from primary sources may not be necessary if sufficient data is obtained from secondary sources. Research planning involves determining the goals, time, and space of the research, as well as the sources of data and research methods, along with overall organization and costs (Ratković, Dašić, 2018).

Marketing research covers a wide range of phenomena. In essence, it fulfils the marketing manager's need for knowledge of the market. The task of marketing research is to help specify and supply accurate information to reduce the uncertainty in decision-making. Although marketing research provides information about consumers and the marketplace for developing and implementing marketing plans and

strategies, it is not the only source of information. Every day, marketing managers translate their experiences with marketing phenomena into marketing strategies. Information from a manager's experiences frequently is used in an intuitive manner because of time pressures on business decisions or because the problem does not warrant more formal research methods (Dašić, 2023b). However, the primary task of marketing management is effective decision-making. Relying on seat-of-the-pants decision-making – decision-making without systematic inquiry – is like betting on a long shot at the racetrack because the horse's name is appealing. Occasionally there are successes, but in the long run, intuition without research can lead to disappointment. Marketing research helps decision-makers shift from intuitive information-gathering to systematic and objective investigating (Babin, et al., 2020)

Subjects of research in sports marketing

The subjects of research in the sports marketing environment can be diverse, overlapping with research subjects in other fields, but they are also specific to some extent. One area of research is the definition of market capacity. This research area deals with the market's absorptive power and the market share of the organizational subject itself. Absorptive power refers to the overall capacity of the market/segment, including buyers/users/consumers of competitive organizations, while market share involves determining the presence of participants in the sports industry in relation to the competition, in the target segment where they operate.

Another subject of research can be the consumers themselves, who are at the center of all marketing interests. Research into their behavior involves determining personal characteristics reflected in psychological factors, supplemented with the results of research on all external factors mentioned earlier. Within personal characteristics, their motives, perceptions, expectations, but above all their needs and attitudes towards the organizational subject operating in the sports products and services market, or towards the market offer, are investigated. As mentioned several times, changes in consumer behavior are becoming more frequent, making continuous research even more necessary. In addition to consumers, we can also distinguish fans as a separate category, as discussed in another chapter, who represent a significant group of users of sports services or buyers of sports products. Competitors are also a subject of research.

The next subject of research is the marketing mix. This area includes the elements mentioned earlier that make up the 4, 7, and more Ps.

There are many different types of product research, such as studies aimed at assessing and creating new items as well as learning how to modify already-existing product

lines. Concept testing involves exposing a novel product idea to prospective consumers in order to assess the concept's viability and acceptability. Product testing identifies the advantages and disadvantages of a product prototype or establishes if the final product lives up to expectations or outperforms rival brands. Brand-name evaluation studies investigate whether a name is appropriate for a product. Package testing assessesthe size, colour, shape, ease of use and other attributes of a package. Product research encompasses all applicationsof marketing research that seek to develop product attributes that will add value for consumers.

Studying prices. The majority of businesses study prices. An example of this kind of marketing research project is a competitive pricing study. Nonetheless, it is not unusual to do research to ascertain if consumers will accept a price that is high enough to cover the costs, or to ascertain the optimal price for a product.

Distribution. The firm discovered that mass merchandisers, supermarkets, and pharmacies would be just as popular distribution channels as the upscale boutiques when it conducted research on where its consumers would want to buy Golden Books. Millions of dollars are being invested to investigate this alternative because it has the potential to completely transform channel-of-distribution systems. These include new interactive media, virtual reality, and more affordable home delivery options.. Although most distribution research does not have the dramatic impact of theresearch on Internet shopping systems, research focused on developing and improving the efficiency of channels ofdistribution is essential to many organisations. A typical study in the distribution area may be conducted to select retail sites or warehouse locations. A surveyof retailers or wholesalers may be conducted because the actions of one channel member can significantly affect theperformance of other channel members. Distribution research often is needed to gain knowledge about retailers' andwholesalers' operations, and to learn their reactions to a manufacturer's marketing policies.Sometimes, market research can identify new opportunities for retailers and marketer

Promotion. For example, within the marketing mix, the subject of research can be promotion, while the goal of research in this case may be to determine the effects of a specific promotional campaign on the target consumer segment in the market for sports products and services.

In addition to the mentioned aspects, the subject of research in this market includes the overall marketing environment, specifically the changes and trends within it. One of the contemporary trends is the increasing inclination of children to play computer games, driven by the diverse and attractive offerings as well as peer influence. This implies the need for offering sports activities to preschool and school-age children, as well as directing marketing communications towards parents. Research in this

direction should be continuous because environmental factors undergo interconnected changes.

Predicting the future trends is therefore challenging, but a certain insight into it can be gained through a systematic approach in marketing research (Ratković, Dašić, 2023).

Another subject of research can be the marketing potential of athletes from the perspective of sponsor interest. Their potential is explored in the context of promotional opportunities and compatibility with potential sponsors. Athletes represent a product but also a service provider. If the development of their careers and brand creation from their name is approached correctly, they can become significant players in the market for sports products and services by promoting a specific brand and, simultaneously, the sport they engage in. They undoubtedly become influential individuals in shaping public perception of the brand or sport they promote, making their promotional capacity an important subject of research in marketing.

Segmentation of the Sports Market

The consumption of sport is not a recent phenomenon. As early as the 1950s, it was noted that the mass media was having an impact on the rise of commercialized spectator sport. However, it is only recently that partner (sponsor) companies have invested considerable sums of money in increasing number of sporting organizations. Thus, the ability to better forecast or predict individual differences in fans' likely participation levels, attendance rates, and the general consumption behaviors of target markets, is becoming important for sport organizations (Dašić, Gavrilović, 2023).

Early studies have suggested that both direct and indirect sport consumption tends to vary by age, sex, marital status, education, occupation, income levels and opportunities provided by season length and type of sport (Nielsen 1971) More recent studies have also examined the effect of personality, attitudes and benefits sought level of sport involvement and attitudinal motivation . None of these earlier studies have examined these variables in combination and as they have all focused on a specific sport, none have considered whether these segmentation bases hold true across the "general sport" consumer profile (Summers, Johnson, 2015).

And, there is very little information published on criteria for effective marketing segmentation in the sport practitioner literature. What constitutes effective sport market segmentation? We offer 12 criteria (Desarbo, Blank, 2020):

1. Differential behavior: Consumers in different segments should behave (i.e., consume) differently toward the brand/product.

2. Identification: Marketers should be able to classify existing consumers into segments based on available information.
3. Reachability: Marketers should be able to reach consumers in different segments via distinct marketing strategies.
4. Feasibility: Marketers should be able to derive segments subject to managerial constraints and known information.
5. Profitability: Revenue from a market segmentation study should exceed the costs of implementation.
6. Substantiality: Derived market segments should be sufficiently large enough so that marketing to them is worthwhile.
7. Responsiveness: Derived segments should respond uniquely to the marketing mix utilized to target them.
8. Stability: Derived segments should be stable over the short run or method utilized to derive them.
9. Actionability: Marketers should be able to implement specific marketing strategies to targeted segments.
10. Projectability: Marketers should be able to classify new consumers.
11. Competition: Marketers should be able to understand how segments would respond to changes in marketing strategies and competitive forces.
12. Market dynamics: Marketers should be able to compare derived segmentation schemes over time to examine the impact of changes in consumers and the marketplace.

Criteria for Consumer Segmentation in the Sports Market

Criteria for consumer segmentation in the sports market are manifold but can be categorized into several groups. According to the well-known division of factors influencing consumer behavior, these factors can also represent potential segmentation criteria. It is important to note that similar divisions often have multiple bases, as is the case here, where influences on consumer behavior serve as both criteria for segmentation and the foundation for exploring potential and selecting a target segment. Segmentation in the sports market is a crucial process in marketing sports products and services. Segmentation criteria help marketing professionals understand different consumer groups and tailor their strategies to meet their specific needs. There are several important criteria to consider when segmenting the sports market (Maričić, 2011; Babin, Harris, 2012):

Demographic criteria: This includes the age of the target group, education, gender divisions, as well as the consumer's life cycle and family life cycle.

Geographic criteria: Defined by location-based differences influencing consumer behavior.
Psychological criteria: Relating to the consumer's lifestyle, motives directing their purchasing decisions or deterring them from it, personality traits, expectations, perception, as well as attitudes and beliefs about specific sports events, sports brands, sports organizations, etc.
Economic criteria: Involving purchasing power, income levels, and more.
Social criteria: Relating to social classes, strata, reference groups, etc.
Cultural criteria: Encompassing religion, customs, habits, and more.

Segmentation criteria in the sports market play a crucial role in understanding and targeting specific consumer segments within this industry. These criteria help businesses identify common characteristics and preferences shared by their target audience, leading to more effective marketing strategies. One key aspect of segmentation is demographic criteria, which involves dividing the market based on factors such as age, gender, income, and education. For example, companies may target younger audiences with extreme sports products, while offering high-end luxury merchandise to affluent individuals. This approach allows businesses to tailor their offerings to specific consumer segments, enhancing their chances of success in the highly competitive sports market. Psychographics consider consumers' lifestyles, interests, attitudes, and personalities. By understanding the psychographic profile of their target audience, companies can create marketing messages that resonate with their consumers on a deeper level. For instance, some people may be motivated to engage with certain sports based on their desire for a healthy lifestyle or their need for social interactions. By leveraging psychographic segmentation, businesses can tailor their marketing efforts accordingly, promoting the emotional and psychological benefits associated with their sports-related products or services.

Geographic segmentation is yet another crucial criterion in the sports market. It involves dividing the market based on geography, which can help businesses target specific regions or countries. This approach takes into account variations in climate, cultural preferences, and local sports traditions. For example, companies selling skiing equipment may focus their marketing efforts on regions with snowy winters, while businesses offering soccer merchandise may concentrate on areas with a strong soccer culture. By segmenting their market geographically, businesses can adapt their products and marketing strategies to suit the needs and preferences of different locations, maximizing their potential for success in the sports market.

Market Research Methods in the Sports Industry

All marketing research, whether basic or applied, involves the scientific method. The scientific method is the way researchers go about using knowledge and evidence to reach objective conclusions about the real world. The scientific method is the same in social sciences, such as marketing, as in physical sciences, such as physics.

Amateur and professional sport represents an important component of national identities and valuable area of social activity. Due to a variety of reasons, there has always been a problem of financing of sport at the national level, especially in terms of amateur sport. Grounding the decision-making in sport and sport entity's management in the relevant information represents the first step in the resolution of financial as well as a multitude of other types of problems sport entities, professionals and amateurs face (Šerić, Ljubica, 2018).

Sport entities are obliged to respect and apply sport-related rules of national and international sport federations and the International Olympic Committee. These and other relevant entities regulate sport activities through sport and legal regulations. Each entity should develop its own model of data collection and distribution of required information. The administration of market research methods, specifically adapted for the entity, the sports industry and the culture, is the way to effectively execute such activities. Hence, along with the research methods competence, researchers have to possess high degree of industrial knowledge related to sport and cultural intelligence, which is a critical success factor in the global organizations context, which sport entities are starting to transform in increasingly. In addition, market research in the sports industry contributes to a wide array of areas.

Since sport entities face many unpredictable environmental factors, the continuous monitoring of such environment is imperative for their survival. The modes of communication between the sport entities and public are changing. In 2002, Westerbeek and Smith predicted trends in the development of sport marketing. Sport has become a part of the programme content of most of the media; sport entities strive for global visibility and new technologies "enter service" in the entertainmentindustry.

Hence, it is crucial to understand the potential effects, limitations and opportunities in the environment in which the sport entity operates.

The first step always represents the data collection on environmental factors. The second step is the evaluation and analysis of identified factors. The third step is the integration of collected and analysed data into information based on marketing plans and strategies. The final step is the 'analysis of the relevance of the analysis' with regard to the accuracy and usefulness of the collected information. In this regard, the methods of market research in sport are particularly useful to analyse political,

economic, socio-cultural, technological, natural, ethical and legal factors in the environment of sport entities. Political factors refer to the dominant ideology of governments, which determines the organization form of political authority over sport. Economic factors refer to the form of economy (planned and market), inflation, market openness, the trend of GDP growth and so forth. Socio-cultural factors define the predominant social culture and change of the same cultural differences in the environment and in the wider area where the sport entity publicly appears. Technological factors define technological changes that have repercussions on activities and funding of sport entities. Natural and ethical factors include climate change, the need for sustainable and responsible development of sport, ethical standards in sport and so forth. Finally, legal factors include legal regulations and restrictions on sport.

Conclusion

Sport is a specific social phenomenon that, through progress, constantly fosters the birth and development of various sport entities (for our terminological classification that we use in this book, see Introduction chapter) around the world. Many, primarily amateur, sport entities today have major problems with financing of their activities, enabling market research discipline to take on the role of the platform for their survival. The education of sport professionals and those who study to be such professionals as well as educators working in the area of sport management and marketing aimed at clear comprehension, and effective use of the methods of market research in sports industry, therefore, possesses the highest significance.

Marketing research can be defined as the function that links the consumer, customer and public to the marketer through information – information used to identify and define marketing opportunities and problems; generate, refine and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address managerial decision-making, designs the method for collecting the information, manages and implements the data-collection process, analyses the results, and communicates the findings and their implications.

We started our examination of the marketing research process under the presumption that the researcher wanted to get data in order to fulfill a certain marketing goal. We have emphasized that the researcher must choose certain methods for resolving one-dimensional issues, such figuring out which market niches to target, choosing the ideal packaging design, or test-marketing a new product. But if you consider a company's marketing mix activities across a certain time frame, like a year, you'll see that marketing research is a continual process rather than a one-time event. A survey may

come after an exploratory research study, or a researcher may work on a particular research project for every component of the marketing mix. Research methods that may be used when developing a new product include market potential studies, which determine the size and characteristics of the market; product usage testing, which records consumer reactions to prototypes; brand name and packaging research, which ascertains the symbolic meaning of the product; and test marketing. Since research is an ongoing activity, management ought to consider marketing research from the perspective of strategic planning. The program strategy describes how a company intends to employ marketing research in its entirety. This planning process situates a number of marketing research initiatives inside the framework of the business' marketing strategy. One way to compare the marketing research program plan is to a term insurance policy. Researching marketing strategies reduces uncertainty and minimizes risk. Every research project may be viewed as a sequence of term insurance policies that increase the level of safety in the marketing manager's work.

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